



# **Guideline: General Procurement Direction 2025/01**

## **Supporting Local Manufacturing**

**January 2025**

**TRIM 07395029**



# 1. Background

[General Procurement Direction 2025/01 Supporting Local Manufacturing](#) (GPD 2025/01) allows a State agency to exempt itself from the minimum competitive requirements in Rule C4 of the Western Australian Procurement Rules (the Rules) when undertaking a procurement for Western Australian manufactured product(s) with a Total Estimated Value up to \$5 million (including extension options and GST).

GPD 2025/01 is designed to stimulate the local economy and further develop the Western Australian manufacturing sector. These objectives aligns with the Department of Jobs, Tourism, Science and Innovation's [Diversify WA framework](#).

## 2. How to use GPD 2025/01

- a) Identify an opportunity to procure a Western Australian manufactured product. Note that this GPD enables direct sourcing of Western Australian manufactured products from a single supplier, or limited sourcing of Western Australian manufactured products from two or more suppliers.
- b) Undertake market research to identify if there are any potential businesses that can meet your requirements. The Department of Jobs, Tourism, Science and Innovation's [Industry Link](#) team and relevant industry associations may be able to help you to do this.
- c) Undertake procurement planning (including a risk assessment), taking into account the considerations at section 4 below and:
  - any reputational impact on Government associated with not undertaking a competitive procurement process; and
  - value for money, including whether the benefits of sourcing a locally manufactured product justify the potentially higher monetary costs.
- d) Prepare a written request for exemption including a supporting justification.
- e) Seek written advice from the Department of Finance (Finance) on your proposed exemption, if Finance is required to be involved in the procurement under Rule C1. To do this, provide your draft request for exemption to your agency's [Buildings and Contracts contact](#).
- f) Submit your exemption request to the Authorised Officer within your State agency for decision. The Authorised Officer's decision must be documented.
- g) If an exemption is approved, record it in your agency's exemption register.
- h) When publishing contract award details on Tenders WA, identify the contract as having been procured using GPD 2025/01 - Supporting Local Manufacturing.

Note: State agencies must still comply with all other applicable Rules, including the documentation and form of contract requirements in Rule D1.

### 3. What does 'manufactured in WA' mean?

The location of the *manufacturing* is relevant for an exemption under GPD 2025/01, not the location of the supplier or its owners. A State agency may approve an exemption under GPD 2025/01 to directly source products from a business that manufactures in WA but has a registered address outside of WA. A State agency may not rely on this GPD to directly engage a business that is only distributing a WA-manufactured product.

A product can be described as 'manufactured in WA' if it *underwent its last substantial transformation in WA*. A product has been substantially transformed in WA if, as a result of a process(es) undertaken in WA, the end product is fundamentally different in identity, nature or essential character from all of its imported components<sup>1</sup>.

For example, imported premade vitamin capsules that are packaged in WA are not 'substantially transformed' in WA. However, if a manufacturer imports raw ingredients (e.g. vitamins, minerals and fillers) and then processes them in WA to make individual vitamin capsules and packages them for sale, the vitamins have been 'substantially transformed' in Western Australia.

Some situations may be less clear. One example is a supplier who imports aluminium and processes it in WA to create a bicycle frame, but imports all the other bicycle components (e.g. tyres, gears and brakes) pre-made. In these situations, State agencies will need to decide whether the use of a GPD 2025/01 is appropriate, taking into account:

- their risk assessment and market analysis, including the cost of the WA-manufactured components compared to the rest of the components; and
- whether an exemption would genuinely further the objectives of GPD 2025/01 (i.e. stimulating the local economy and further developing the WA manufacturing sector).

Market research will help you determine whether a supplier is manufacturing a product in WA. As a starting point, you could undertake an internet search and/or contact an industry association. If it can be done fairly, you could also contact manufacturers and ask to tour their facilities. Engaging with manufacturers directly may help you understand the extent to which they can meet your requirements in a sustainable way.

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<sup>1</sup> Refer *Competition and Consumer Law Act 2010* (Cth) Schedule 2 'Australian Consumer Law' s255(2)

## 4. Additional considerations: procurement planning

- Consider opportunities to procure locally manufactured products when undertaking the Strategic Forward Procurement Planning process.
- If the nature of the industry is largely unknown, consider releasing a Request for Information to gather more data from the market to help inform your procurement approach.
- If you identify supply continuity risks, consider establishing a contract (or standing offer) with a WA manufacturer for a portion of your requirements and approach the wider market to establish separate contract(s) for the remainder of your requirements.
  - In this situation, the \$5 million exemption threshold will apply to the procurement of WA-manufactured products, rather than the total estimated value of all your requirements.
- Consider using GPD 2025/01 to refresh a standing offer panel arrangement by issuing a Request to supplier(s) of WA-manufactured products only.
- Consider engaging a WA manufacturer to trial a new, innovative solution on a smaller scale, before committing to buy a full solution.
- Ensure that in switching to a new, local manufacturer will not infringe anyone's intellectual property.
- Consider including a clause in your Request that requires the products to be manufactured in WA throughout the term of the contract. You should seek legal advice on the drafting.

## 5. Further information and advice

Agencies can seek further advice from Finance by contacting the Procurement Policy and Improvement team at [procurementadvice@finance.wa.gov.au](mailto:procurementadvice@finance.wa.gov.au).